



May 28, 2013 June 19, 2013

Ms. Li Jung Chan, Treasurer  
State, County, & Municipal Employees Local 205,  
Day Care Center Employees  
420 West 45th Street, 6th Floor  
New York, NY 10036

Case Number: 130-15398 [REDACTED]  
LM Number: 507228

Dear Ms. Chan:

This office has recently completed an audit of State, County, & Municipal Employees Local 205, Day Care Center Employees, under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on May 24, 2013, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

#### Record Keeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 205's records for the fiscal year ended May 31, 2012, revealed the following recordkeeping violation:

Invoices for the services of a professional lobbyist were not sufficiently descriptive of the services provided. This matter has been resolved by the lobbyist's agreeing to provide Local 205 with copies of the bimonthly lobbying activity reports that he is required to file with the City of New York. He will provide copies of these reports covering the local's fiscal years ending May 31, 2012 and 2013, and will continue to provide them on a bimonthly basis with the invoices that he sends to the local. The local will attach these reports to its copies of the invoices.

#### Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 205 for the fiscal year ended May 31, 2012, was deficient in that the dues rate reported in Item 23, \$27.60 monthly, reflects the total amount of dues deducted from members' paychecks, combining dues for the National Union, District Council 1707, and Local 205. The intention with respect to this item on the LM-3 is that the reporting organization should indicate the rate of dues that members are paying just to that organization. When interviewed, you stated that for the audit year, the dues rate was \$2.35 per month for Local 205. This is the figure that should have been reported.

I am not requiring that Local 205 file an amended LM report for the fiscal year ending May 31, 2012, to correct the deficient item, but Local 205 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to State, County, & Municipal Employees Local 205, Day Care Center Employees, for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Senior Investigator

cc: Ms. Mabel Everett, President